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## THE STATE DISPENSARIES OF SOUTH CAROLINA

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The state dispensary system, as established in South Carolina in 1893, was the result of revolution and not of evolution. The present so-called county dispensary system, established in 1907, is an evolution from the old. The former, transplanted from different surroundings, could not have survived its introduction in this state but for abnormal conditions. During the twelve years it lived, many legislative and executive modifications accommodated it to the prejudices of the people, the change from the state to the county system being but the latest step in the evolution. It was the longest step taken and profoundly affected political conditions inasmuch as the old system had come to dominate politics and was honeycombed with graft.

The state did not succeed as a barkeeper. Will the counties do better? That is a question that South Carolina is solving. The experiment is only eighteen months old and it is too early to say what the outcome of this decentralization will be, yet it may prove worth while to examine the defects of the old and the proposed remedies of the new.

In his study of "The South Carolina Dispensary System," published in 1898, in one of the volumes in which are collected the researches of "The Committee of Fifty to Investigate the Liquor Problem," Mr. John Koren pointed out the weaknesses of the system. For seven years thereafter these evils developed and made themselves so manifest that when the last legislative investigating committee started its work in 1905, public opinion demanded the truth and got much of it. The evidence before that committee gives a graphic idea of the operation of the tendencies noted by Mr. Koren. First let us briefly review the law and then examine the evidence supporting Mr. Koren's conclusions.

So rapid and radical were the changes in the dispensary law and its interpretation during its fourteen years' existence that more

space than can be spared would be required to record them. Mr. Koren described the early forms in the volume cited, and Mr. Wallace Irwin summarized its "main and stable" provisions in "Collier's," March 28, 1908. It will suffice our present purpose briefly to set forth its main features during the latter and more settled years.

First, the then existing license system was wiped out. All saloons were closed and the state opened up business on its own account. It established a monopoly. No one might sell liquor in the state except the state's dispensers. Two counties, where prohibition had long existed, were exempted; and toward the last the Brice law, bitterly opposed by the dispensaryites, provided that any county might go dry by voting out the dispensary, an option that was joyfully adopted by fifteen counties in the years 1905-6. However, liquor bought outside the state might be shipped in for personal use.

It was to be the "Great Moral Institution"—a "step toward prohibition," as well as a revenue-producing measure. So there were provisions that no liquor could be drunk in the dispensaries and it must be sold in sealed packages of not less than half a pint that could not be opened on the premises. The doors must be closed between sunset and sunrise; no sales to be made to minors nor persons in the habit of becoming intoxicated. Each purchaser signed a blank giving his name and age, kind and quantity of liquor bought; and all liquors received by the commissioner were required to be tested by the chemist of the state university and not accepted unless certified by him to be "pure and free from poisonous, hurtful and deleterious matters," otherwise "their use and consumption" was "declared to be against the morals and good health and safety of the state." It is interesting to note that on this last clause rests the legality of the whole structure. For it is only as a police measure that it stood the tests before the courts. It may be remarked here that the requirements of this test accomplished nothing, practically, except to provide the legal basis found to be necessary.

A board of directors, three in number, salary \$400 a year, elected each two years by the legislature, purchased all liquors and supplies, fixed the salary of the local dispensers and their assistants, prescribed rules for the conduct of county and state departments, and decided questions appealed from the county boards. They could purchase only from bids and half pint samples submitted

in answer to newspaper advertisements. These bids and samples were sent sealed to the state treasurer who delivered them on purchase days to the board, the seals were then to be broken in public and the awards made. No purchases were permitted from firms personally soliciting business in the state except through the aforesaid bids.

A dispensary commissioner, salary \$3,000, bond \$75,000, elected also by the legislature for a two-year term, managed the wholesale end. Located at the central office and warehouse at Columbia, he received the liquor bought by the board and reshipped it to the local dispensers on their requisition. Cheap liquor was bought in bulk and bottled by the commissioner.

The county boards of control, compensation two dollars per diem, not exceeding thirty days a year, appointed by the state board on the recommendation of the legislative delegations of the respective counties, located, with consent of the state board, as many dispensaries as they chose in incorporated towns except in two counties where they could put them anywhere, elected dispensers, employed assistant dispensers upon approval of the state board, and were "charged with the duty of prosecuting the county dispensers or any of their employees" for violations of the law.

Applicants for the position of "county dispenser" presented sworn petitions stating, in part, in what business engaged for the last two years, whether a qualified elector of the state, resident of the county, keeper of a restaurant or place of amusement, that he was not "addicted to the use of intoxicating liquors as a beverage," and that he had never been adjudged guilty of violating the liquor laws. He was paid about seventy-five dollars a month and he gave bond for \$3,000. On Mondays he remitted to the state treasurer the state's share and to the county treasurer the share due the county and the municipality.

To audit the accounts at headquarters the governor appointed every year two "expert accountants," each to receive "four dollars per day not exceeding thirty days in any one year." Quarterly examinations of the same accounts were made by a legislative committee, two from the house and one from the senate, one of whom was required to be present at quarterly stock-taking. Each received four dollars a day not to exceed twenty-four days a year. Their annual report was made to the legislature. The commissioner em-

ployed inspectors at \$100 a month to check up the accounts and stock of the local dispensers.

To the governor was given the power and duty to appoint a chief constable at \$125 a month and as many assistant constables as might be necessary to police the state. The total cost of the constabulary amounted to \$66,000 a year.

The profits were fixed by the state board and divided between the general school fund, the counties and the municipalities in which dispensaries were located.

Considering the actual operation of the system and its results, as shown by the legislative investigation of 1905-6, we can see that the system depicted in the law and the system that actually existed were two quite different things. For the law was flagrantly misinterpreted and disregarded by the dispensary officials to suit the purposes of the powers that directed the policies of the system. It was, first and foremost, a political machine directed at first entirely, and always all but exclusively, by the lieutenants of Senator Benjamin R. Tillman. The temperance and revenue features were usually subordinate to the political. Incidentally it became permeated with graft, and when the people saw this clearly they arose in wrath and destroyed the central institution. So subtle, for the most part, became its political influences, and so skilfully were the profit and temperance features accommodated to the needs and prejudices of different sections that the people did not become sufficiently aroused to throw it off until the revelations of graft were made. If the able men who so long directed its destinies could have prevented their coarser companions from open graft the system would doubtless now be the controlling influence it once was; but they could not keep the grafters down. That was the last straw.

The temperance and revenue features will be considered later in connection with the present county dispensary as the management of the local dispensaries has not changed materially, in form at least, under the new régime. The great point so far established in South Carolina's barkeeping experience relates to the effects of a centralized dispensary system on the public life of a state.

Let us see the way it worked as told in the investigation. Imagine a legislative election for a board of directors. No man who values his reputation will become a candidate for a position in which men get rich on \$400 a year. As one said who would not stand for

re-election, "The general impression was that it was not an honest place, and I did not want people to suspect me." Only those with a pull in the legislature have a chance and often a legislator is elected. Hardly one has any business or other qualification for the management of a three million a year business. Says one, "You prohibitionists say you want some one who will discredit the dispensary by continuing the stealing. Then elect me for I'll promise to steal everything in sight." The prohibitionists laughed, joined the rest in electing him and he made good their expectations. Two legislators received suits of clothes, one said of his benefactor, that if there was anything to get out of it he was the proper man to get it; he was a big-hearted man and didn't mind spending it on his friends and it went back into circulation anyway. Others sat in the director's theatre box, drank his liquor; and one said of him, "He would come to a man and if I needed money I could get it."

Next suppose the board about to open the sealed bids, drummers being forbidden by law to solicit, remember. "It was a private room, hired by the liquor drummers—Room 12 at the Columbia Hotel. The state board of control was in session. I saw money change hands between members of the state board and liquor drummers. I have seen members of the legislature come up into these rooms and participate in the liquor and cigars. As soon as the legislature would adjourn, about mid-day, they would always go up to the hotels. That was headquarters, and always had plenty of champagne and liquor and cigars."

The board fixed dispensers' salaries and had power of removal and this gave control over these 144 picked henchmen scattered over the state. In a race for governor the chairman of the board wrote to dispensers on his official letter heads, "Dear sir: I feel a deep interest in the success of my friend ———, in his race for governor, and take the liberty to write you in his behalf. If you have no particular choice in the matter I assure you I will appreciate anything you can do for him. If you can support him, please endeavor to get his friends to the polls at the various boxes in your county."

The board was lenient with its subordinates. One dispenser wrote to ask whether he could receive rebates in the shape of empty cases returned, and permission was cheerfully given. A liquor dealer asked whether Christmas presents to dispensers would be

objectionable and the reply was. "Dear Jim: . . . Will say that I can see nothing unlawful or improper in your sending Christmas gifts to your friends." Over one hundred and fifty dispensers defaulted and very few were prosecuted, some were even retained. The system protected its friends.

Here are three instances to illustrate where the graft of the big fellows came in: Much "Old Joe" whiskey was bought from an Atlanta concern in carload lots for \$36.00 a drum, whereas the same goods were sold in single drum lots to Atlanta saloons for \$28.00. This firm made a "Christmas present" to a member of the board of a carload of "very handsome furniture" worth about \$1,500. Labels which could be bought for \$8,000 were purchased for \$35,000. An Augusta brewery, after long failure to secure orders, put its business in the hands of a friend of one of the dispensary board of directors. At the direction of their representative the brewery raised the price \$125 a car, which amount was paid to the agent to be divided, as understood, with the director. The price to the state was subsequently reduced and the commission cut off, whereupon the business stopped.

Liquors were adulterated so that large commissions could be paid, increased prices were charged, special brands were pushed by the boards; and those who studied the situation estimated that on purchases for a year, amounting to two and a half million, half a million in graft must have been distributed. The commissioner's share of the plunder was founded on his power to push favorite brands. This letter indicates the situation, it was written to a liquor house in Louisville, Ky.:

DEAR SIRS: Do you want to sell goods to the S. C. dispensary at their next board meeting? . . . My uncle, Commissioner ———, has a salary of \$3,000, quite insufficient for his needs. My father is a dispenser at \$1,200 annually, selling \$52,000 to \$60,000 a year; he could use at least \$20,000 to \$25,000 a year in "Ripple Creek" for a small substantial inducement. . . . My uncle, the commissioner, will not accept a check, but as his agent, I can do some business for him and for you, as nearly, in fact, all whiskey concerns, as you know, are paying for their trade with a small rebate. . . .

Some of the county boards of control got a considerable part of the "swag." In Spartanburg County, beer dispensers and their breweries paid members \$450 for an appointment as dispenser for a one-year term. After appointment a dispenser asked the chairman of this board for instructions as to how to run his place to

which the reply was, "Don't mind instructions; make every dollar you can; you will need it for your next election." Those dispensaries were ill kept, there was drinking on the premises and the police reported frequent serious disturbances, the liquor dispensaries, on the other hand were usually orderly and well kept. In Greenville county a beer dispenser writes thus to his brewer of his troubles with his board to whom he had to pay \$400 in two installments for his appointment, the brewer advancing half:

GENTLEMEN: The second call is made on me by the grafters for \$200, so I will have to call on you again for \$100. This settles up everything for that three.

The investigation did not extend to the constabulary, but incidentally evidence was given showing that in a gubernatorial election constables were carried on the pay roll who spent their time during the campaign electioneering for a gubernatorial candidate; their mileage, per diem and expenses being charged to the state.

The graft of the local dispensers was provided for. Their place in the scheme is thus summed up by one of the number writing to a New York whiskey house:

DEAR SIRs: . . . The advertisements are posted, but this will accomplish nothing unless you can get the county dispensers to handle the goods . . . if you want the goods sold communicate with the county dispenser of each county and let him know what he may expect, if anything, for special courtesies. It is an old proverb as true as holy writ: "Whose bread I eat, whose song I sing." The county dispensers order what they want and sell what they get. A hint to the wise is sufficient, and this is given confidentially. . . . We can handle the goods all right if the proper quid pro quo is forthcoming.

They were all good fellows and their correspondence usually indicated it, as for example this from a Louisville whiskey house to a dispenser:

DEAR SIR: It is a well-known fact that only sober gentlemen are in charge of the dispensaries, yet we doubt not that every last one of them will partake of an occasional thimbleful "for the stomach's sake." Desiring to contribute something toward good cheer for the holidays . . . please accept them with the compliments of the season, and in the hope that whenever you partake of these liquors you will give us a kindly thought. . . . Thanking you for preference shown all our brands . . .

The auditing by the governor's and legislature's appointees was



a farce. They always reported the books well kept and the accounting department a model of accuracy. Yet the American Audit Company, which made up a statement of the assets and liabilities after it was all over, found everything in the most chaotic state imaginable. Beside carelessness and incompetence there had been fraud; as, for instance, when invoices amounting to \$200,000 were one election year withheld from the liabilities so as to swell the apparent profits.

The investigation closed with the beginning of the state primary campaign of 1906. One investigation leader was elected attorney-general to prosecute the grafters (in spite of Tillman's bitter opposition); another went back to the legislature with a majority pledged to overthrow the centralized system. The present law was evolved from the old with the hope of eliminating graft and retaining the features making for temperance.

The central institution with its state officials is eliminated, except for an auditor appointed by the governor. Each dispensary county conducts its own system under practically the same regulations as before. The county board of control of three has entire charge; the three men are appointed by the governor, one upon the recommendation of the delegation, one upon recommendation of the county board of education, and the third upon recommendation of the mayors of the municipalities, each of which bodies receives a part of the profits, the proportion differing in the several counties. This scattering of the appointing power practically eliminates political maneuvering for appointments. Some counties exempted themselves from this provision and allow their delegation to recommend the whole board, with the result that in several the dispensary is already playing a part in the election of legislators. No solicitation except by sealed bids is allowed, and when this provision was first disregarded the attorney-general went after the offending parties so vigorously that no such offense has been heard of since.

In short, it appears, from eighteen months' experience with the county system, though most of the temptations of the old system exist in the new, yet so aroused have the people been and so near to the average citizen are the workings of the system that the officials are under much greater restraint. The state system was so remote and so powerful that it could not be handled by anything short of a political upheaval. The county officials are liable to be over-

hauled at any time by the grand jury, and if any member of the county board shows signs of sudden wealth unaccountably acquired he will be at once suspected by a public opinion which is potent with the local appointing power. Decentralization has killed the lioness and her dwarf cubs are comparatively easy to handle. However they are not lambs.

The genesis of the two systems has had much to do with their subsequent character and it may be well to pause and consider them. When Governor Tillman with a furious hand and an iron will established the state dispensary at the cost of riot and bloodshed it was new to South Carolina and to the country, except for the county dispensary experiment at Athens, Georgia, which was copied from the Swedish law. It was not a popular move and succeeded only because backed by a popular idol whose will, no matter how it galled at times, was submitted to by a militant and loyal majority. Everything appertaining to the dispensary he covered with his cloak, and all beneath that cloak was sacred. The county system had a different birth. It was the will of a large majority expressed at the polls after a campaign in which the thirteen years' experience was discussed in the light of the investigation. The transition from the old to the new was accomplished without a jar. Inaugurated by an administration pledged to punish corruption it has had a careful bringing up.

The state dispensary raised more revenue than the license system it displaced, but less than the county dispensary. In 1892 there were 613 barrooms paying county and municipal taxes amounting to \$215,372 (see Mr. Koren's estimate). In 1904, the 144 dispensaries in thirty-nine counties paid a profit of \$775,000, or about twenty-three per cent on sales of \$3,375,000. Doubling the sales and profits reported from January 1, 1908 to July 1, 1908 we have sales of \$3,496,520.70 in the one hundred dispensaries of the twenty-four counties with a net profit of \$898,728.64, or about twenty-six per cent. So it is shown that the twenty-four dispensary counties, under the new régime, are selling more than the thirty-nine counties of the palmy days of the old.

The two systems do not differ materially in their temperance features so far as the letter of the law is concerned and the reason for this apparent increase in consumption is hard to give. Falsified accounts in the old days may affect the showing, a difference in the

percentage of profit charged per gallon may have something to do with it, more vigorous prosecution of illicit dealers by the local authorities doubtless accounts for part of it. In the county in which the writer lives the sales and profits show a corresponding increase, and while there is no evidence of an increase in drunkenness and crime there is no question that the illicit sales have decreased. It cannot be disputed that there is practically no incentive offered dispensers by dealers to push sales now, whereas there was before. So there is much question of the relative merits of the two dispensary systems as temperance measures. But as to their advantage in this respect over the license system there is no doubt. This phase of the question may be summed up in the words of Mr. Koren, which fit the situation to-day as well as when written twelve years ago:

The unbiased observer cannot fail to be impressed by the changes wrought by a system which has closed the saloons and nearly suppressed the illicit traffic. . . . It is then, beyond all cavil, true that in the cities and towns formerly under license the dispensary law has promoted sobriety in a truly wonderful degree. . . . The policy of compelling the purchaser to buy more than a drink at a time—never less than one-half pint—is a questionable method of encouraging consumption and is by some believed to have stimulated home drinking. . . . Evidence is at hand warranting the belief that the rural districts are beginning to suffer the very ills from which they wished to relieve the town through the dispensary system.

It should be recorded here that the prohibition counties are pleased with the change they have made and it is very unlikely that any of them will go wet again.

One feature of the situation that is to be credited to the dispensary is seldom touched on. There are within the state's borders but a few small distilleries, one brewery, and of course no blending plants nor wholesale liquor houses. This means to a state without saloons freedom from the baleful influence of the liquor organization that elsewhere obtains in wet states. So in local option elections here the expression at the polls is comparatively free from the great pressure that is ordinarily brought to bear by the organized local liquor trade.

Whether the present system will long remain clean is a hard matter for conjecture. Generally speaking, the liquor traffic in the country at large is conducted by men whose business methods

are corrupting. Wherever that trade touches it tends to pollute. The tendency may be withstood, but it is always there. So no matter what your liquor system it is subject to strong evil influences. The dispensary accomplishes much in abolishing the social features of the saloon and the element of private profit that is so potent in pushing sales. But in putting into the hands of public officials the power to purchase liquor the door for graft is thrown wide open, and through it at any moment may enter corruption that will render the system as evil as the worst.